

FEDERATION OF EAST AFRICAN FREIGHT FORWARDERS ASSOCIATIONS

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**Federation of East African Freight Forwarders Associations
(FEAFFA)**

Strengthening FEAFFA to become a self sustaining regional business association effective in championing the growth and development of an efficient, professional, self-regulated and competitive freight logistics industry

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Final Grant Report

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Part 1.**EXECUTIVE SUMMARY**

FEAFFA, the umbrella East Africa freight forwarding private sector associations, secured a grant from USAID-COMPETE to strengthen its institutional capacity and therefore discharge its mandate of professionalizing the sector, providing information and advocating for a better business environment. USAID-COMPETE set off the support to FEAFFA by facilitating the Federation to develop a three-year Strategic Plan.

With the grant, FEAFFA was able to establish, staff, equipment and run a full time Secretariat for two years. Over the two years, the Federation achieved some tangible milestones including; developing a training programme as well as overseeing training of freight forwarders in the region. In addition, FEAFFA developed and implemented a regional code of conduct, which is a critical tool for regulating the conduct of freight forwarders. To provide information on the industry, the Federation developed a website, an online newsletter, an online information portal and commenced work for the development of a regional directory of freight forwarders. In the area of advocacy, FEAFFA cemented its relationship with the revenue authorities of EAC member states and the EAC Secretariat among others while using this avenue to drive its advocacy agenda. It was able to participate in and engage with other stakeholders in activities focusing on making the transport logistics sector more competitive.

Despite the above, FEAFFA faced some handicaps that constrained its operations. To start with, establishing, staffing and equipping the Secretariat took a while and this ate into valuable project time causing delay of some of the planned activities. It also became necessary to prioritise some new activities while dropping others in the course of the project, based on the changing needs of the industry. The Secretariat offices were also broken into resulting in loss of data and equipment. As a result of the establishment's delays, FEAFFA was not very effective in raising additional resources to fund its activities beyond the grant support. Besides achieving the milestones recorded in the last two years, the Federation has learnt valuable lessons to help it position itself more strategically. There is need to strengthen the Federation to make it self sustaining by generating internal resources and scaling down dependency on external funding. Also critical is to ensure a monitoring and evaluation mechanism is in place. These will be priority areas even as the Federation continues to pursue its vision.

PART 2. BACKGROUND

East Africa has been identified as a region with very high cost of doing business. The costs of exporting and importing are high thereby undermining the region's competitive advantage and this is partly blamed on the region being overall food-deficit. A significant portion of this high cost is attributable to high transport cost of goods in the region. The freight forwarding industry is largely responsible for the movement of goods and has undertaken several initiatives towards stemming the high transport cost. Part of this includes organization of private sector into national associations and a regional Federation (FEAFFA) to drive the industry's agenda. FEAFFA aims at enhancing compliance, professionalism and integrity in the industry, providing timely relevant information and advocating for a better transport logistics business environment. Some specific initiatives include the East African Customs and Freight Forwarding Practicing Certificate training programme, regional code of conduct for freight forwarders etc.

Despite the huge mandate on FEAFFA, the Federation lacked capacity and had not even established a Secretariat since its formation in 2006. To fill this void, FEAFFA sought the support of USAID COMPETE and secured a grant for the period January 2010 to December 2011, which was later extended to January 2012.

PART 3. PROJECT OBJECTIVES

Specifically, the objectives of the grant were:

- Provide secretariat infrastructure for FEAFFA
- Provide regional focal point for the freight logistics industry in the EAC region
- Attain enhanced professionalism, capacity development through training, self regulation, adoption of industry standards
- Enhance participation of women
- Disseminate information on the industry
- Broaden FEAFFA membership to include industry associations from other countries in the region.

PART. PROJECT ACTIVITIES

This section summarises the activities implemented by the Federation under this project from January 2010 to December 31st 2011. It gives a description of the major project activities and the results thereof, some of the key challenges encountered, the lessons learnt and the way forward. The activities are grouped under five key areas namely;

- Capacity development training
- Professionalism, ethics, integrity and self regulation
- Secretariat infrastructure and management
- Information dissemination
- Operations and Advocacy

Each of these activities had several sub activities as enumerated below.

4.1 PROFESSIONALISM, ETHICS, INTEGRITY AND SELF REGULATION

Implementation of the EACFFPC Training programme

FEAFFA continued to coordinate implementation of the East Africa Customs and Freight Forwarding Practicing Certificate (EACFFPC) training program throughout the region. FEAFFA provided the Secretariat for the programme and was responsible for organizing various activities relating to the programme. The main target was to train and certify a critical mass of 4500 persons in order to enable deployment of the Certificate as a licensing condition for Customs agents.

During the course of the project 632 students graduated in Kenya, Rwanda and Uganda while Burundi mounted the first class.



Students in EACFFPC class in Kenya.



Dignitaries at a graduation ceremony in Mombasa in December, 2011. 476 EACFFPC students graduated.



EACFFPC graduates in Kampala and Kigali in 2011. 632 students have graduated during this project's life time in the entire region.

Facilitate two meetings of the EACFFPC CIC

Using the grant, FEAFFA facilitated two meetings of the Curriculum Implementation Committee (CIC). CIC is the organ that oversees implementation of the EACFFPC training program.

The first meeting was held in July 2010 in Kampala and reviewed the progress made in the implementation of the program. The meeting prioritized a number of issues among them conducting a needs assessment, training of more trainers, certification, Certificate of Competence and the Private Public sector partnership in implementation of the program in Tanzania.

The second CIC meeting was held on May 2011 in Mt. Meru Hotel, Arusha, Tanzania. The meeting reviewed the status of the implementation of the training program, and came up with areas of immediate concern that needed urgent attention among them:

- Review of the EACFFPC Curriculum and training materials

- Mainstreaming of the program under the EAC
- Expansion of training delivery
- Sustainability of the training programme.
- Entrenching public private sector partnership in the implementation of the programme at national level.



Members of CIC in one of their meetings in Kampala in 2011.

Following this, CIC has already:

- Developed a regional examination policy that will ensure uniformity in management of the examination process across the five countries of the region. The policy was deployed for implementation effective January 2011.
- Developed a trainers' enhancement programme.
- Developed a framework for implementation of the FEAFFA certificate of competence, which is the equivalent of the EACFFPC certificate
- Started the curriculum review exercise with a consultant already on the ground.

EACFFPC implementation policy and accreditation of the programmed to EAC.

FEAFFA convened a high level policy meeting involving all the Commissioners of Customs, the President of FEAFFA and Chairpersons of FEAFFA affiliate associations to revise the EACFFPC policy. The revised policy was signed on 26th August 2011 in Sheraton Hotel in Kampala.

Funding the programme.

The FEAFFA Secretariat undertook an assessment to establish the status of implementation of the EACFFPC which revealed that most countries had trained less than a third of the expected numbers. The total number of those trained including those that were in session then was 1654. The balance of nearly 3480 persons translating into 85 classes of 40 students was yet to be trained.

Based on the foregoing, the secretariat embarked on a rigorous fundraising campaign to secure additional resources to support the programme. As a result, on August 26th 2011, FEAFFA signed a two year - memorandum of support with Trademark East Africa to enhance the delivery capacity of the training program to meet the critical mass. The support also entails provision of additional training facilities in all the EAC countries, training of trainers, review of the curriculum and training materials among other areas.



The FEAFFA president and a representative of TMEA exchange documents during the MOU signing ceremony for the EACFFPC funding in Kampala on 26th August 2011.

Business opportunities, challenges and strategies for women entrepreneurs

This activity did not take place as planned as it became necessary to expand its scope and participation. It was to be organized jointly by FEAFFA, the Kenya Shippers Council and USAID COMPETE in view of broadened scope. It will be mounted in the first quarter of 2012.

FEAFFA Code of Conduct

Printing of the code of conduct

With the grant and further support from USAID-COMPETE:

- FEAFFA developed a regional Code of Conduct to regulate professional conduct of Clearing and forwarding agents in East Africa. The Code of Conduct was signed by all the associations affiliating to FEAFFA in 2010 and was also endorsed by all the Commissioners of Customs in the five Revenue Authorities of the Region, Director of Customs at the EAC Secretariat among other key industry regulators and actors.
- Printed two thousand copies of the Code of Conduct in form of booklets and circulated to freight forwarders across the five countries.
- Organised a regional launch of the Code in Nairobi on 28th July 2011. The event was graced the Minister for East African Cooperation of the Republic of Kenya, Director of Customs at EAC Secretariat, Customs administrations in the regional, USAID East Africa, USAID COMPETE, all national associations affiliating to FEAFFA among key stakeholders of the freight forwarding industry in the region.

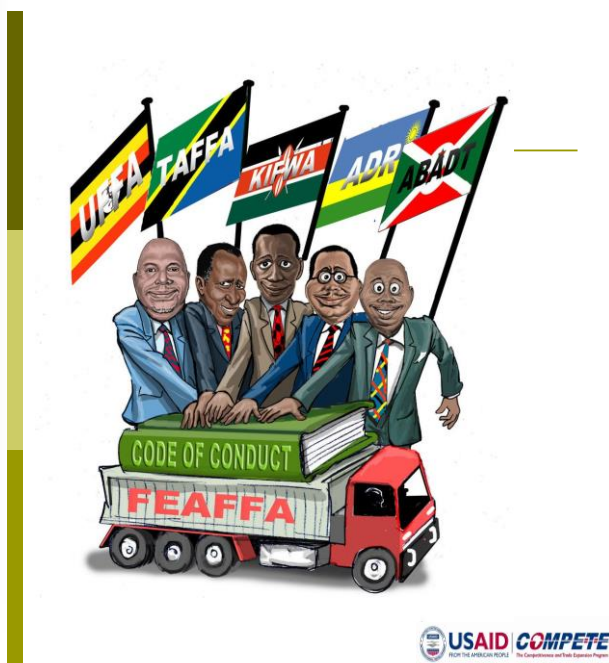
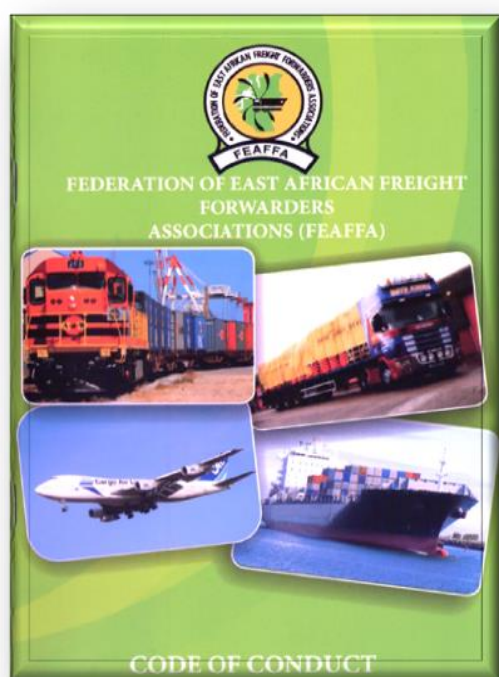


Kenya's former Minister for EAC Cooperation Prof Hellen Sambili officially launching the FEAFFA Code of Conduct at Sankara Hotel- Nairobi.

- Developed a cartoon version of the Code to make the document reader friendly and appealing and has been translated it into Swahili and French for easy comprehension in

non English speaking countries. Preparations are underway to launch of the cartoon version of the code of conduct at Malaba border in both Uganda and Kenya.

The Code has been implemented but sensitization of the operators is necessary. In Kenya, allegiance to the code was a prerequisite for membership renewal with the national association in 2011. Membership to the associations is a must for licensing of clearing agents by Kenya Revenue Authority.



Above Photos: The FEAFFA Code of Conduct and the cartoon version.

Development of Standard Trading Conditions

To address the weak contractual capacity of most of the freight logistics service providers, especially Small and Medium Enterprises (SMEs), FEAFFA initiated development of model Standard Trading Conditions (STCs). The STCs are intended to assist service providers in doing business and protecting the consumers of their services. The STCs are provided for under the FEAFFA constitution. The activity stalled for lack of funds to hire a consultant to develop the STCs.

Cargo Logistics Efficiency, safety and Security Training of Trainers Course

With the support of the International cargo Association (TIACA), FEAFFA developed a short-term course on Cargo Logistics Efficiency, Safety and Security. FEAFFA mounted a five-day Train the Trainer (TOT) course on the above training programme in Nairobi at the Silver Springs Hotel in Feb – March 2011 that was attended by twenty five trainers from the five countries of EAC (five women and twenty men). The course was facilitated by international trainers from USA and Singapore and funded by the grant. The course covers the following areas among others:

- Benefits of ethical operations – anti corruption -FEAFFA Code of Conduct
- Cargo security and safety for faster border crossing
- Border clearance requirements for movement of maize beans, rice
- Transport management
- Information Technology in cross boarder transport management
- Inco-Terms 2010
- Axle load control for compliance from origin to destination
- Authorised Economic Operator (AEO) program and how to comply
- Supply Chain Management

This course has been identified as key towards the self sustainability of FEAFFA. The recently recruited Training Coordinators have been tasked to market and organize rollout trainings.



David Adolwa of USAID COMPETE speaking during the TOT workshop in March 2011



Participants and guests during the TOT workshop in March 2011.

4.2 SECRETARIAT INFRASTRUCTURE AND MANAGEMENT

Secretariat

Infrastructure

With the grant, FEAFFA leased Office space effective 1st May 2010 until December 2011 on Crescent Park, the Crescent, Off Parklands Road in Westlands - Nairobi. FEAFFA is occupying the same space to date. Furniture with capacity to accommodate at most five staff was procured in May 2010. This included office desks and chairs. Most of them are still in good shape. The secretariat also procured equipment including four laptops, telephones and other office sundries. Operations of the Secretariat were largely met from the grant. Unfortunately the office was broken into in October 2011 and two of the laptops were stolen along with other office properties. A new laptop was subsequently procured to replace one of the stolen laptops. FEAFFA is still pursuing the insurers for compensation.

Staffing

The FEAFFA secretariat at the start of the project only had a volunteer staff, the Regional Executive Officer. The secretariat however expanded to include an Accountant, a Communication and Advocacy Officer and an Administrative Assistant. All these were in office by August 2010. The administrative assistant however left the organization in September 2011 and was immediately replaced.

Financial audit

FEAFFA enlisted the services of PKF to audit its books of accounts for the period 2008 -2010. The audit for the 2011 books of the account is now commencing and is targeted to be completed by end of March 2012 when the Federation will hold its Annual Generation Meeting.

FEAFFA strategic plan

USAID COMPETE provided technical support to FEAFFA to develop a three-year strategic plan (2010 -2012) for FEAFFA in early 2010. .

FEAFFA Board meetings

FEAFFA held four board meetings during the period of the grant thus enabling management oversight and direction.

The first Board meeting was held on 1st June 2010 in Kampala. During this meeting, the FEAFFA Code of Conduct was signed; a criterion for appointing members to the FEAFFA/Revenue Authorities Technical Committee was established as well as sanctioning the development of a training module on cargo logistics efficiency, safety and security.

The second Board meeting was held in Ngurdoto Lodge, Arusha Tanzania on 3rd November 2010 and reviewed implementation of the various activities. The meeting agreed on the memorandum that was discussed with the five Revenue Authorities.

The third board meeting was held on 4th July 2011 at Intercontinental Hotel, Nairobi. The meeting deliberated on the leadership and governance issues within the National associations, mainstreaming of the EACFFPC under the EAC and other partnership issues.



FEAFFA board in a meeting at Intercontinental hotel in Nairobi. The board held four meetings during the grant period.

The forth and last Board meeting was held on the 8th of Dec 2011 in Nairobi at the secretariat of the Kenyan national association. The meeting deliberated on issues of funding and sustainability of FEAFFA, the EACFFPC training program as well as partnerships.

4.3 INFORMATION DISSEMINATION

FEAFFA Website

FEAFFA developed the website www.feaffa.com in 2010. The website has become a key channel of communication between FEAFFA and its stakeholders. The website has been enhanced further with an e-portal that provides information on trade policies, documentation required in the importation and exportation of selected key value chains in the region. The website was developed by Verviant (a Kenyan based IT company) after the initial vendor's contract was terminated for failure to deliver.



Participants seated during the launch of the FEAFFA e portal at Serena – Kigali. The function was presided over by the Rwandan minister for Trade Francois Kanimba.

FEAFFA newsletter

FEAFFA designed an e newsletter after efforts to establish a self financed printed newsletter proved unsuccessful. The newsletter broadcasts industry-related information from the entire EAC region. The newsletter is released on a quarterly basis and is available on the FEAFFA website. Three issues of the newsletter have been published since it was first published in March 2011. FEAFFA plans to make the newsletter more regular.

4.4 OPERATIONS AND ADVOCACY

Consultation with the EAC Revenue Authorities

FEAFFA Board organized two meetings with the Commissioner Generals of EAC Revenue Authorities. There were also other meetings held with the authorities at technical and policy level. The first meetings focused on:

- Joint training and certification of Customs agents
- Establishment of an accreditation and registration system to enhance professionalism, ethics and integrity in the freight forwarding sector.
- Sensitisation of Customs agents on East Africa Community Common Market
- Harmonisation and simplification of licensing procedures in the Region by the Customs administration
- Mutual recognition of licences issued by one Customs administration in the Region.
- Formalizing the partnership between FEAFFA and the EAC Revenue Authorities
- Increasing the uptake of the Authorised Economic Operator by Customs agents
- Establishment of a dispute resolution mechanism
- Allowing vehicles licensed to carry transit cargo to convey interstate goods.
- Harmonisation of working procedures and hours between ports and border stations.

Part 5. FINANCIAL SUMMARY

The total grant budget was USD 246,000.00, which was expended as per table below.

Grant Summary

FEDERATION OF EAST AFRICAN FREIGHT FORWARDERS ASSOCIATIONS				
COMPETE GRANT CLOSURE FINANCIAL STATUS AS AT JAN 2012				
NO.	ACTIVITY	APPROVED COMPETE FUNDS	EXPENSED FUNDS	GRANT BALANCE
1	Professionalism & Self Regulation	\$ 39,924.22	\$ 39,924.22	\$ -
2	Office Rent and service utilities	\$ 20,180.33	\$ 20,180.33	\$ -
3	Furniture & Fittings	\$ 6,300.00	\$ 6,300.00	\$ -
4	Computers & Office Equipment	\$ 8,687.37	\$ 8,687.37	\$ -
5	Salaries & Employment Benefits	\$ 133,801.24	\$ 133,801.24	\$ -
6	Administration & Management Expenses	\$ 23,652.87	\$ 23,492.87	\$ 160.00
7	Information Dissemination	\$ 1,477.83	\$ 1,477.83	\$ -
8	Operations & Advocacy	\$ 11,976.14	\$ 11,976.14	\$ -
	Total	\$ 246,000.00	\$ 245,840.00	\$ 160.00

Part 6. CHALLENGES

FEAFFA faced some challenges that impacted on the implementation of the project. The key handicaps are detailed below.

Mobilisation of resources

The project was meant to start in January 2010 but it was not until August 2010 that the entire staff and secretariat infrastructure was in place. Delay in hiring staff was occasioned by the need to recruit regionally. This process required more time in advertising and enlisting the services of a recruitment agency. Substantial time was also lost in acquiring work permits for two members of staff recruited from outside Kenya. This caused delays in implementation of some of the project activities.

Financial resource constraints

- While FEAFFA was a co-funder of the project, the Federation was not able to raise much of the budgeted resources and this affected the implementation of the project significantly. This ultimately affected the realization of the project objectives.
- Moreover new activities became incidental to the planned activities yet they were not budgeted for e.g. consultative meetings with the commissioner Generals of Revenue Authorities necessitated additional technical meetings . As a result, the project required more funds to facilitate the additional activities, which were not available.
- Some key activities like the FEAFFA magazine and the directory were not allocated grant resources as they were meant to be self financing. This however proved difficult especially because FEAFFA was still a new organization and all the planned publications needed to be supported to enter and establish themselves after which they would become self-sustaining and generate resources for FEAFFA. Most of vendors contacted required seed capital from FEAFFA, which unfortunately FEAFFA was unable to raise. As result the newsletter project did not kick off. The regional directory of freight forwarders was however commissioned on the same basis. The project has been slow and is still in deficit though more than half of the expenses have been defrayed from advertising revenue.

Theft of Secretariat equipment

FEAFFA experienced one of the biggest setbacks in October 2011 when its secretariat was broken into and a number of office equipment stolen. Among the items stolen were three computers including two laptops that were procured and being used by the project and a

desktop. This greatly impaired the operations of the secretariat. FEAFFA however procured one laptop as replacement as it pursues insurers for compensation.

Monitoring and evaluation (M&E) weakness

FEAFFA had not developed a monitoring and evaluation policy which affected the effectiveness of the monitoring and evaluation activities.

Lack of institutional manuals

FEAFFA had intended to use its own resources and seek external funding to developing the various organisational policies and manual such human resource, M&E, communication, Finance, procurement policies. This was not done due to financial constraints but will be developed during the 1st half of 2012.

Lessons learnt

- FEAFFA needs to give more focus to self sustainability to reduce dependency on donor funding.
- The importance of an effective monitoring and evaluation system.
- The importance of having and implementing an elaborate information management policy
- The need to incorporate risk analysis in the planning process of every activity.

Part 7. WAY FORWARD

FEAFFA will give greater attention to institutional strengthening and self-sustainability. In this regard, development of relevant institutional manuals and a business plan are a priority and resources have been sought from several partners to support this activity.

FEAFFA intends to upscale its revenue generation efforts with a view to eventually meeting its administrative budget and part of its operational budget.

FEAFFA has included most of the pending activities from the just concluded grant in its new grant applications to partners. This is to ensure they are not left out as they are vital to the freight logistics industry. Key among these activities is development of the FEAFFA magazine, the freight logistics directory, the finalization of the standard trading conditions.

Security has been beefed up to safeguard the organizations offices and assets. Stronger and better bugler proof shutters have since been installed to secure the premises.

Development of a new strategic and business plan have been made priority upon expiry of the current strategic plan.

Part 8. CONCLUSION

This grant represents FEAFFA's first major funding. Through this funding, FEAFFA established a secretariat that has become the foundation for all major developments towards professionalization of the freight logistics industry. The Federation has become the key source of information on freight forwarding industry and is now largely recognized as the representative of the sector. Despite some of the challenges that impeded execution of the grant activities, the grant has been successful and the lessons learnt provide grounds for further partnership with USAID COMPETE in order to complete/implement ongoing/pending activities while exploring other areas of mutual interest.